

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON GOVERNMENT REFORM

ENRON ALL-EMPLOYEE MEETING
SLIDE PRESENTATION AND ADDRESS
ENRON CEO KENNETH LAY, PRESENTER

August 7, [**August 16**] 2001

[TRANSCRIPT PREPARED FROM A TAPE RECORDING.]

This transcript is the original transcript from Miller Reporting, except for the following clarifications and corrections made by the minority staff of the Committee on Government Reform: (1) pagination was added; (2) speaker identities were added where omitted or incorrectly identified; (3) misspellings of employee and project names were corrected; and (4) miscellaneous errors were corrected. Any corrections of omissions, misspellings, or errors are designated in **bold** type.

P R O C E E D I N G S

MR. LAY: Good morning.

(Long applause)

MR. LAY: Well, I didn't expect that, but thank you. Thank you very much. There are some additional seats still around, particularly down front. If some of the rest of you that are down on the sides would come on down front a little further, because I know people are still trying to get in in the back. There seems to be quite a bit of interest in this meeting.

(Laughter)

MR. LAY: Well, I'm delighted to be back. I'm sorry Jeff did resign, but, you know, he did resign. It was voluntary. I think that's all been pretty well explained now. I tried to talk him out of it, the Board tried to talk him out of it, but he was pretty firm in his decision, so the Board accepted his resignation and asked me to reassume the CEO's job. And I'm excited. I think we've got a lot of great stuff going on.

We're not getting much credit for it in the marketplace for damn sure, but we will. And I'm going to

share with you some of the things going on here shortly and show you the reason I am excited. And I do think that the next several months, the next few years are going to be great for Enron and great for Enron's employees. And that's all starting now.

We're going to have questions and answers--at least questions, and I'll try to answer. The first time I've had to answer the tough ones, too, this morning. I don't have anybody to shovel those out to, but we've got several questions, as you would expect, already submitted. You've got cards in your chairs. We've also a couple of mikes if you prefer to just kind of stand up and ask it in person. But, certainly, within the next hour and a half or thereabouts, we're going to cover everything we can.

I think one other thing that's pretty important, incredibly important, that this morning my lovely wife Linda showed up. Linda, stand up.

(Applause)

MR. LAY: Now, you can see she's a stand-by-my-man type of woman.

(Laughter)

Thank you, hon. Okay, we're going to start off this morning with just two or three of the major challenges. I'm going to bring you up to date on those and, of course, go through the performance highlights--part of the reason I am so excited about the company's future. I'm going to, obviously, have to conclude at some point and talk a little bit about our culture. And then the Q and A. I'm going to go very quickly through some of the slides, so you've got to watch quickly.

These are at least some of the issues that I think both impact in the stock price and, obviously, impacting our employees. The recent T-side accident, I thought I should update you on that, a very tragic accident. California, that's a mess, but it's getting better. India--well, India's India, and that's about the best we can do, but I'll bring you up to date on that. It seems to pop up about every five years.

Dave, I'm sure we've got a chair here for you. Absolutely.

Finally, of course, what's been going on in broad

band, particularly the restructuring.

T-side, as you know, we had an accident over there on a couple of days, or a few days ago, August 8th. A transformer exploded and created a fireball, killed two employees instantly, burned a third one severely and he subsequently died. And, of course, injured still a fourth one that's still in recovery. Now, it was a tragic accident. They still have not decided or figured out exactly what caused it. It looks like a number of things went wrong that shouldn't have gone wrong, particularly by an experienced crew like this led by a very experienced hand; but it looked like, again, it well could have been human error or maybe not understanding a certain manual. But, in any event, those families, of course, have great losses. A couple of kids are left behind.

Jeff did go over there, as all of you know, met with the families, met with the employees, and, again certainly, our prayers and our thoughts go out to all of those people as they try to recover their lives. I did not know this till really after the announcements on T-side went out, but we also had a fatality on a wind project in India

earlier this month, and it wasn't even reported to the senior levels till, literally, early this week. But again, it was human error. Somebody climbed up one of the wind towers alone--nobody was with him, didn't have on any safety equipment, didn't have on any safety helmet, fell, and, of course, subsequently died of very severe head injuries.

Now, of course, what these incidents show is, first of all, that life's fragile, which I think Jeff even quoted in The Wall Street Journal this morning. But, secondly, safety has to be number one, and maybe we don't emphasize that quite as much, certainly, at the corporate level as we used to or need to. I know that Stan and his people emphasize it, I know the operating people do, but safety has to be number one. And, hopefully, if nothing else, out of these recent tragedies and losses, we will all again be mindful that we need to always abide by all the safety precautions that we try to preach and try to abide by all the time.

Moving to California, this slide tells the facts. We are fully reserved, probably overly reserved, so we do have some potential refunds when this thing is solved--and

it will be solved. The contempt issue with the senate has to do with a couple of things. First of all, we don't think they have jurisdiction over this issue. It's a wholesale issue. The Federal Energy Regulatory Commission has jurisdiction over wholesale, not the state senate, but, secondly, they have not yet been willing to agree to the necessary precautions to protect our proprietary data. And that is very critical to our business and our future, and we're not willing to turn over those data until, in fact, they will agree to protect them.

Now, I will tell you what I think about California--no, I really won't, probably not in mixed company--but I have never seen such a high level of demagoguery, such foul and poisonous allegations from any high-level political force anywhere in the world. That's what I think about California. So we work very hard with them. We've worked very hard to try to help them solve the problems, we're going to continue to work with them, we're going to continue to try to help them solve the problem. But the inaction and wrong action by public officials and public bodies in California have cost that state and its

citizens at least \$40 to \$50 billion over the last 15 months.

These are \$40 to \$50 billion that did not need to be spent. But, like I say, we'll continue to work with them. I think the worst is over. I think in time it will become less of an issue in California and, certainly, outside of California. But it has been a very, very difficult problem to solve.

Dibolt. **[Dabhol.]** As I say, dibolt **[Dabhol]**, you know, about every five years we seem to have this particular problem. Of course, this again--and you've got the facts on the screen--but this started off with slow pay by the State of Maharashtra, or the Maharashtra State Electric Board, ended up with no pay. We then, of course, went ahead and went through all of the necessary legal actions. We filed political force majeure against the State of Maharashtra, and, of course, the Maharashtra State Electric Board. We terminated the contract, we're moving toward arbitration. We have strong contracts, we've been there before. If we have to fight it out on a legal basis, we will, and, in fact, if we fight it out on a legal basis, we're convinced

we will win. But we've also told the officials in Delhi and in Bombay that we want out and so do all of the other, both equity financiers and debt financiers in the project. And, of course, we're moving down that road.

I had some very constructive meetings in Delhi and in Bombay about a month ago. We've continued to have dialogue with them since then. We'll probably have meetings even with some high-level representatives of the government within the next two weeks. I can't tell you how soon this will happen but, indeed, we, Bechtel, GE, forty-five international banks, state lending agencies such as the U.S. Export/Import and U.S. OPEC, Japanese Export Bank, Belgium Export Bank, governments of Oman and Abadaba. Everybody wants this resolved and wants it resolved quickly. And, until it is resolved, there will be very little foreign investment going to India and, indeed, the Indian companies themselves are now finding it difficult in some of their financing, some of their business dealings outside the country. So it is, in fact, a national problem in India, and I'm convinced it will be solved.

UBS [**EBS**] restructurings are particularly

difficult because it's impacted so many employees. But, clearly, there's been not just a slow-down in the broad band business, there's been a melt-down in the broad band business. That's, obviously, not unique to Enron. As a matter of fact, Enron's in much better position here than most of the other companies involved in the industry many of whom have already gone bankrupt. There's been a total melt-down in the whole telecom industry because of broad band and, of course, over-leverage and a few other problems.

This has clearly slowed down development of our business model. We still think our business model is right. It's making progress. I'll share that with you a little later. We, in fact, the many of us believe that we're going to build a major business here over the next two or three years. But it is going to take two or three years longer than we thought. As you know, we reported \$100 million EBIT loss in the second quarter, and we have to cut that to have sustainability. We hope to cut that down to less than \$50 million loss by the first quarter and to break even by late next year. And to do that we have had to redeploy and, yes, lay off about 500 people.

Now, about half of those, in fact, have been redeployed; probably somewhat more than half will stay with the company. That is very painful, but that is very necessary. And we're getting on with it. We're making good progress with changing or scaling it down, and, like I say, I think over the next two or three years broad band will again be a very exciting business for Enron.

And this kind of just talks about going forward. I will say that, you know, out of the 7,000 employees there are still two or three of us think we will also develop entertainment on demand, and we'll just see if we can prove that or not. But I think that's still a very exciting opportunity for us, and we're going to pursue it.

But, clearly, Jim Fallon's done a great job running this. He's done a great job on the intermediation side, and we are building a major intermediation business.

All right. I wanted to get those out of the way first because those are a little tougher issues. Now let's go forward to some of the performance because this is all outstanding. And it's pretty hard to find the right word to describe it.

Second quarter our net income was up 40 percent. Our earnings per share were up 32 percent, and, of course, if you look over the last five years and forward even to next year, earlier this year we increased our regional **[original]** estimate this year from \$1.70 or to \$1.75 a share to \$1.80. And, of course, now we've given guidance for about \$2.15 next year. So over the past five years, including this year, we're having about compound annual growth in our earnings per share of about 20 percent per year.

Now, you can probably put on one hand the number of companies that can say that in American business. If we look at our volumes, they're exploding, absolutely exploding. Our most recent quarter, just natural gas and power, 64 billion cubic feet equivalence. We are now about three times the size of the next largest competitor. If you go back even 18 months to two years ago, we were twice as big as the next largest competitor which, in fact, in this business scale and scope are everything. And we have advantages that nobody else in this business have. I always like to say not just a sustainable competitive advantage but

an unassailable competitive advantage unless we shoot ourselves in the foot. And it's getting stronger as we stand here.

If we look at the transportation distribution companies, we continue to expand our pipelines. I think the ETS total deliveries in the second quarter were 8.7 billion cubic feet a day, about 15 percent of all of the volumes delivered in this country. We continue to expand our pipelines. Florida Gas is now underway on its fifth expansion working on a sixth expansion which they will file later this year. Transwestern has a couple of expansions, one to California, one to Phoenix-- and, of course, the first time we've laid a pipeline directly into that fast-growing Phoenix and Arizona market.

We have major growth right on on Northern Natural Gas pipeline system, primarily driven again by power generation, but other things. But again it's a very strong pipeline operation. Portland General, again good earnings and cash flow, filed a rate case that will kick in the fourth quarter to start offsetting some of the recent power costs, a good electric utility. Obviously, we've advised

it's not a core long-term holding, but it's a good business, and we're going to run it the best we can until, in fact, we do dispose of it.

If we look at the wholesale business, now our largest profit center, if you take total volumes, not just power and gas, 74 billion cubic feet a day equivalence. The total gas market in North America is about a 60 billion cubic foot a day market, so our total volumes are larger than that. Of course, natural gas represents about 25 percent of our basic energy in this country-- enormous growth, 60 percent increase in volumes, almost doubling in income before interest and taxes to \$802 million. And, of course, margins increased slightly. Those margins can go up and they can go down, as we all know, but it's always nice when they're going up. And we look back over the last 10 years, those margins have averaged about 11 to 12 cents.

And that's been one of the great things about this business. If we look at the volumes across the different sectors, west--now, Canada was down a little bit for an unusual reason. We withdrew a product we were offering there last year, but west, central, and east all up

strongly. And just to kind of keep in perspective, California in particular, our western natural gas volumes, all of the western states represent 15 percent of the natural gas volumes and probably not more than half of that into California. So despite what the people in California think, Enron's making money despite California, not because of California. And that is absolutely true. We've had a lot of headache from California, but we've not made much money out of it.

North American power volumes, again strong growth. Again, the western power volumes are about 25 percent of our total. Our biggest power volumes are in the east; that's where our biggest growth was. I will say, also, we had stronger growth in Europe than North America.

If you look at total volumes now, about 25 percent of our total volumes, and they are enormous, as I just showed you, come out of Europe, which, in fact, is growing at a very rapid rate. And, of course, in Europe we're developing the same type of strategy, the same type of infrastructure that we developed in this country. We are still the only major Pan-American player, and we're way

ahead of whoever decides they want to be the second major Pan-American, Pan-European player. But, indeed, you can see what happened to the volumes in Europe: more than doubled year on year. Power volumes on the continent went up over four-fold this latest quarter. Probably, most importantly, our most mature and biggest gas market on the continent, which is in the U.K. went up about 75 percent. So we're hitting on all cylinders in the wholesale business and growing in all the regions, all the markets, and expanding the strength of our franchise.

Enron On-line, a fabulous, fabulous story, and, of course, one of the reasons that our volumes are accelerating throughout the world. As you all know, we lost Enron On-line in November of '99, a little less than two years ago. We started off with about 65 customers logging on; now we have over 335 products. We went from 60 to over 1,800. And, of course, I guess we've added another 200 or so this year, as I recall, or two or three hundred. I think it's about not more than about 1,600 just a few months ago. So it keeps growing. We just keep testing new products and offering our customers new products.

Delivery locations, of course, up significantly. It just kind of shows, graphically, what's happened Enron On-line. It's continuing to grow, five to six thousand transactions a day, \$2.5 to \$3 billion of motional value a day. By far, by far the largest e-commerce web site in the world. And it is, like I say, just further strengthening our competitive--our competitive advantage in all these markets.

Enron global markets, a new growth area for us. This is where we're taking the same business model that we developed in the natural gas markets and then extended it to the power markets, and now we're extending it to a lot of other markets. And, again, it's very much of a logistics model; it's not a trading model, it's a logistics model. It's a matter, again, of scale/scope, but being able to always buy the product at the cheapest price and most reliable delivery location, and then delivering it to our customers. But you can see again in the global markets group strong growth in liquids, strong growth in coal. We're now the largest buyer and seller of coal in North America, the largest importer of coal in the world, the

largest player in the import market in the world.

We're now also arranging the freight of that through tanker ships. I think, currently, we're managing 35 to 40 different ships around the world, and that's growing fairly significantly. Weather derivatives or weather insurance, again a market that we pretty much invented, and we're by far the largest. And there again, you can see an eight-fold increase in the second quarter from the first quarter.

L and G, a new market we're going into, again a market that, historically, has been very much of a linear, vertically integrated, very rigid delivery system with one source of supply serving one customer, usually with one, two, or three tankers. We're starting to try to rationalize that and make it a much more competitive market and thus drive down the cost, substantially.

If you look at Enron industrial markets, again another new area that we're developing. Our metals business--of course, we moved into that last year--rapid growth, again, quarter on quarter. Now, quarter on quarter here is the first quarter of this year to the second

quarter. It's not the second quarter of last year and the second quarter--and that was true of those other slides, too--but you can see 85 percent growth from the first quarter to the second quarter.

Forest products. I think we've reached the real inflection point there, and a lot of activity going on there, but a very exciting breakthrough in that market. And all of these markets are possible. All of these markets are possible and growing at this rate.

Steel. A brand new market we just moved into earlier this year and, again, an enormous market. But you add all these markets together, they're well over \$1 trillion of new markets we're moving into. Same successful business model, same people, same controls, same process we used in the other markets we've been so successful in, and we're creating whole new businesses that can, over time, become very, very substantial.

So very exciting for the company's future. Enron Energy Services just keeps banging away and just keeps growing at a tremendous rate. And the last there, you've

got the--I didn't go, did I? How many did I miss? There it is-- but there you've got the growth in the quarterly, in the contracts, long-term contracts signs in that quarter, and, again, almost a doubling from second quarter last year to this year. And we've been kind of doing that systematically over the last three years. Of course, if you look at on an annual basis, we expect to sign about \$30 billion of contracts this year. We currently have only about \$40 billion under contract, so tremendous growth with revenues growing, most importantly, net profits are growing. But a very, very solid business signing.

If you look at the first half of this year, the major contracts we've signed: Owen-Illinois, Lilly, Eli Lilly, J.C. Penney, Quaker Oats, Sacs, Park Place, Equity Office Property, Home Depot, Harris, we're now moving into casinos--I'm not sure what that means, but we're moving into casinos.

(Laughter)

So when you go out and lose your money, well, we're getting some of it.

(Laughter)

Broad bands. I said--I gave you some of the bad news; here's the good news: As you can see, year on year, why a tremendous growth in intermediation market. We keep expanding the number of counter-parties, different kinds of transactions, surface and storage, but tremendous growth. And, again, I'm quite convinced that this is going to become a major market. And, let me say, this market is still growing at a rapid rate. Now, maybe where people thought a year ago it was going to maybe double or go up three or four times each year, now it's closer to doubling each year. But that still gets you the pretty big market pretty quickly. And so this is a great market to be in.

If you look at our profits, particularly in wholesale--and that is the major profits in the company--you see that we are physical volume-delivery driven. We are not a trading company; we are a logistics and service company. And, in fact, the way we make profit is packaging up energy products, energy services, primarily--and, of course, increasingly a lot of other products and services--and deliver it to the customer. But there's been a direct correlation over the last 10 years between our volume

deliveries, physical volume deliveries, and the amount of income before interest and taxes that we've made in the wholesale business. And that's the reason that explosion, that acceleration in volumes is so important to the company's future.

All right. Every presentation has to come to a conclusion, and, primarily, I think just to summarize, I think our core businesses are extremely strong. We have a very strong competitive advantage. Of course, we're now transferring this very successful business model and approach to a lot of new very large markets, globally.

Our new businesses are doing great. Enron Energy Services is growing at a fabulous rate. I think there's no doubt that Enron Energy Services could be as large as our wholesale business which is enormous, but it could be as large as that within five or six years, and it's a fairly straightforward business model, just going ahead and taking over the energy operations of major companies, and now we're moving into smaller size companies which we can do with scale, and running those operations, saving customers money and, obviously, making profits for Enron.

We, currently, are managing the energy operations of over 35-36,000 facilities, over 3.5 billion cubic feet of space: shopping malls, offices, factories. And that's going up very rapidly, I expect. I've not asked Dave this recently, but I expect we right now may be the largest purchaser of equipment like H-vac **[HVACs]** boilers, transformers--all kinds of equipment which gives us additional advantages in trying to reduce the cost for our customers and make money at this business.

So we are facing a number of challenges, but we're managing them. Indeed, I think the worst of that's behind us and the business is going great.

I'd like to move just to a minute to vision and values. Of course, we just recently established our new vision to become--to move from the world's leading energy company to the world's leading company. We have a history around here, which was not necessarily expected initially, of meeting our vision goals within about five years. I don't think this one's out of the question in five years given the powerful growth that we're seeing in the company. But, most importantly, given the people we have in the

company.

We have the best, deepest talent base of any company in the world. And that's what we've got to keep building. We've got to make sure we retain the best and brightest and most creative, but we've got to keep bringing in new ones. And that, in fact, is our major competitive advantage.

Values. I think we slipped a little bit on this recently, and we got to restore it. Values are incredibly important to the fiber of this company. I think if somebody--

(Applause)

As somebody said recently, values are the DNA of Enron. And, of course, values are important, also, to make sure we attract, retain, and motivate the people, the talent, intellectual capital which, in fact, as I said, is the most critical competitive advantage that we have. Of course, it's pretty simple: respect, respect for others, and just treating them the same way you want to be treated--and I don't think many people like to be treated poorly.

Integrity, incredibly important. I think this one, also, has slipped a little bit, but integrity not just in our business dealings but also in our personal lives. A recent book that was written by Tom Neff of Spencer Stuart listed six characteristics of both CEOs, but also employees or managers and executives, for success.

Number one was integrity. It's pretty hard to lead if people don't trust you. So we got to make sure we get back to that with everything we do.

Communication. Again, speaking up, it's not just an opportunity, it's an obligation. If you in meetings and you don't like what you see or what you hear, speak up. And if you get penalized for it, come see me. But we've got to all share our ideas. We got to all be willing to also speak up when things are going on, or things are being planned, or things are being done that you don't like.

Finally, excellence. I mean Enron for 15 years set the standard, first for this industry and increasingly for a lot of other industries. And that's because we've always been the best at what we did. And we got to keep doing that. We've got to get back to doing that if we're

not doing that. But excellence in everything we do.

Okay, let me kind of--two things, and then I'm going to get to Q and A. As you'll see in a minute and, not surprising, but many of you are concerned about the value of your stock options. I'm concerned about the value of my stock options and my stock.

(Laughter)

But we did, of course, issue our most recent stock options in January of this year, and as proposed or is adopted in that plan, we do that every five years, and when we do it, we issue five years' worth of options. And then, of course, as new people come in the company, well, we issue options to them whether it be, you know, four years, or three years, or two years, or so forth until the next cycle.

But many of you pointed out that we issued those options at \$83 and they're somewhat out of the money today. And I'm glad you know that.

(Laughter)

So what I did at the most recent comp committee and board meeting was recommend that we have a one-year award--not a five-year, a one-year award--out of cycle,

special award for all employees now, as approved. So you'll get new stock options awarded to you at these prices and just, roughly, equivalent to about five percent of your salary.

(Applause)

Now, it won't make you rich, but it might make you feel better.

(Laughter)

But, for example, if you're making about \$50,000 a year, you'll get about 150 options; if you're making \$100,000 a year, obviously about 300. You got that. Pretty-pretty-pretty--pretty complicated mathematics. But that will be worked--of course, we have to get the specific amount after each name and all the rest of it, because the administrative stuff has to be done. You don't get notified for a few days, maybe in two or three weeks. But it's done and well deserved, and, primarily, we certainly think we're close to if not at the bottom of this cycle, and we want you to enjoy the ride back up. But, more importantly, we want you to work hard to make sure that we get that ride back up. So that's done.

Now, I want to mention one other thing. We've got a United Way campaign underway, and it's supposed to finish either Friday or Monday. And, indeed, we're not doing very well. Right now with just two or three days left, we're only about 77 percent of our goal. Our goal this year is about \$2.9 million, and we only have about 42 percent participation when we usually have about double that.

So a lot of you have not stepped up yet. Now, this is the one opportunity we have to step up and contribute to an organization that helps take care of a lot of people throughout our community that don't have stock options, don't have jobs. Many of them don't have lives. And, of course, particularly, with the recent floods the needs in this community are even greater. There are a lot of families that are homeless, again without any savings, without any resources. So we need to show that Enron is a caring company. That's part of respect, that's part of integrity, that's part of excellence.

And so, please, when you go back to your office today, log on--and I'm sure somebody's got that somewhere, but log on and make your pledge, make your contribution

because Enron has always led this city in the United Way campaign. And we're one of the pace-setters again this year. So if we stumble, the whole city stumbles. So please do that.

All right, let's go to the Q and A. Again, we're going to move pretty quickly. Now, again, get your cards moving to the aisles, and if any of you want to get to one of those microphones, you're welcome to. Enron created a new all-employee stock option plan, options were struck at, of course, 65 PE \$83 a share. Individuals who are perceived as being responsible for inflating our PE ratio, well, we thought it was kind of fun, it's a fact.

(Laughter)

We weren't trying to inflate it. We has a lot of real value there that the street recognized. Today they're not recognizing, you know, even the basic value of what we're doing. And, of course, in many cases monetized or when they hadn't--or exercised their options, their other 19,900 employees now have currently worthless over-valued options at \$83 a share. Since this has affected morale company-wide, wouldn't it be simple to revalue these options

rather than risk alienating Enron's most valued asset is intellectual capital. The last part, I totally agree with.

Now, I would announce what we're doing to that, but I want to go ahead and read this, because I expect this is the attitude or at least the opinion of a lot of our employees. But we really can't re-price them. I mean some companies have, but there are some pretty severe accounting and costs associated with that. But, primarily, shareholders hate that. I mean they hate the fact, because they bought shares at \$83, too, and some of them bought shares at \$90, and many of them bought shares at \$70 and \$60, and they can't re-price.

So we can issue a new award, like I just announced, but we can't re-price. The downsides to that are just too great, and I just want to make sure everybody understands that.

(Reading) "I've been taking my annual bonus in the phantom of stock options for the last several years. I was going to use these options along with the Enron options to fund my children's college educations beginning next year. With the value of these options under water and short

of taking it out--short of taking out a huge loan, has Enron considered providing financial assistance to employees' kids as in setting up a scholarship program?"

I believe Houston Natural Gas provided scholarships in the past. I think we did do some of that. There's a new program that has now been put into law. I think they call it the 529 program which, basically, allows individuals to take pre-tax money and put into these--it's kind of like an Aesop or--not Aesop-- but it's kind of like a savings plan. But you can put in money pre-tax into this plan, and I think you bring it out--maybe you got to pay taxes on it at the kids' tax rate, which is usually not much since they're not making too much money.

But we're going to set one of those up. I'm in the process of doing that right now. But, basically, it's a way you can use pre-tax money to finance your children's education. So we ought to get that set up fairly quickly.

PRC, another big issue. I didn't have it on my slides but another big issue.

(Reading) "Will Enron eliminate the PRC process? Is the performance evaluation process helping or hindering

the company's ability to retain highly skilled and motivated employees? Is the time and effort spent on the process paying off?"

I know there's a lot of concern about the PRC. We are not going to eliminate the PRC. We are a meritocracy. We have to have a merit system. We have to have way of evaluating performance. But having said that, I know, particularly, the last couple of cycles of the PRC have caused enormous heartburn--maybe and other pain--

(Laughter)

-- to a lot of employees. And that is not right. So we're going to keep the performance review process. We've got to have one. I mean Enron is ranked by Fortune magazine pretty consistently as having one of the top five, and quite often the second or third best work force in America. That was not an accident. We've attracted a lot of very capable people, but we have a lot of capable people also performing outstandingly well.

And we've got to be able to sit down as a group at least once or twice a year and make those hard decisions. And it does not do individuals or the company any good if,

in fact, we don't have a process to deal with those people that aren't really pulling their weight at Enron. It really pulls everybody down, and, usually, some of those same people can go somewhere else and be stars. But they can't be stars at Enron. So we've got to have that kind of process.

So we are going to take a look at the PRC, the process, how we do it, how we get the feedback to the employees--I mean the whole thing--and see if we can't figure out a way where we can continue the PRC process and get all of the benefits out of it without quite as much of the pain.

And we'd welcome any suggestions you have. I think Cindy and Steve are going to be setting up an employee committee to kind of help us on this, but, basically, we'd like to have input from all employees.

Now, she gave me one Internet address that maybe, in fact--if you can remember this--but perfmgmt--performance management, but p-e-r-f-m-g-m-t@Enron.com, that you can just get on line and send her all kinds of suggestions. Isn't that right, Cindy?

CINDY: That's right.

(Laughter)

MR. LAY: All right. I don't know what you're going to do with them, but send them to her. Now, we will seriously consider them; we really will because I--we all understand that we need to improve this process. It's a very necessary process, but certainly can be improved.

(Reading) "Enron's redeployment is a joke." And I don't think that is meant as funny, but, "Most people in this area are not receiving any help in finding new positions with Enron, and only if they are lucky will they find something on their own. We're losing really good people through this process that will be hard to replace. After all, not everyone can be an analyst or an MBA. It takes people at all levels to keep the company running. A person who works at a job and has no desire for advancement is still filling a needed position. The fact that they don't care to advance means that you don't have to worry about having to replace them." And I agree with that.

And I've got a very basic philosophy: Every employee at Enron can make a difference, a positive

difference, I don't care where you are. And, you're right, you don't need to have an MBA, you don't have to be analyst or you don't have to be a lot of things. But every employee at Enron can make a difference. Now, it's up to that employee to make that difference, and I'm talking about a positive difference, but indeed, we work hard on this redeployment, and it does work sometimes.

Now, the problem has been that recently we've had some of our major redeployments out of things like broad band, and engineering, and construction. And those are fairly specialized skills that, in fact, there may not be that much need for in other parts of the company in some cases. And I'm sorry about that. I mean I wish there was something we could do about that. And, certainly, if it looks like we've got some very capable, bright people, we can kind of retrain a little bit and use them. We want to, and we try to do that.

Now, last year, I'm told that 90 percent of all the people put in redeployment were, in fact, put in positions elsewhere in the company. So last year, it worked incredibly well. Because of these specialized skill

problems this year, it's more like 45 percent. And that's the reason I think some people believe that it is a joke. It's not a joke; it's just that we're doing the best job we can, and we can't fight--we just can't put the square peg in a round hole, and that's the problem we're having. But, certainly, again, Steve and Cindy are very much no [on] top of that. They're trying to do everything they can to make the redeployment effort as effective--and David--as effective as possible.

(Reading) "Why have other operating companies, EES in particular, been told that they cannot talk to EBS employees about opportunities within their organizations? Those of us who are still with EBS feel that this is limiting our opportunities with Enron. When will this restriction be lifted?"

I know for a fact there have been several EBS people that have ended up in EES. So it's not an absolute restriction. I do think where the problem has been, I think Dave is doing a little redeployment in EES, also, because he's kind of fine-tuned and shifted the strategy around. And I expect that you would not be surprised that he is

trying to get those people repositioned within EES before he tries to bring in people from outside in EES. But there's not a restriction on that, because I know for a fact of a few EBS people that have ended up in EES. And for those who may want to be in EES, just keep trying, because it's an exciting business. I think it's going to be an enormous business for Enron.

(Reading) "Benefits, compensation, could someone over the benefits department investigate the possibility of adding the new 529 college fund."

I think I just covered that. I don't need to cover that again. I don't think, unless there's something else in here.

(Reading) "Currently, a rumor is circulating that the severance plan has been cut in half from a maximum of one year to six months, based on years of service. Is there any truth in this rumor?"

Well, there's some truth, but if we do that, it will not be done for about a year. I mean, certainly, it's not going to impact anybody that is currently being, again, redeployed, or not effectively redeployed or whatever. But

I think what we found is that we have one of the more generous severance packages in the city and maybe the country. So we're looking at it. But, certainly, no change over the next several months and maybe very little change at all.

"Most Enron employees spend all day looking at computer monitors. This is very hard on the eyes. It has always seems strange that the eyes are treated as they were not part of the human body."

(Laughter)

I'm not sure about that. "A pair of glasses can run over \$400 easily. With eye fatigue, the eyes keep getting worse and new glasses required nearly every year. Why not make eye surgery, which corrects vision, a covered medical expense. This one-time outlay can help employees to correct their vision and will avoid the need for buying glasses year after year. Since Enron is self-insured, it should be up to Enron to provide coverage."

I'm a user of eye surgery, so I recommend it. I can even see all of you out there today.

(Laughter)

I think we--of course, we do have an eye coverage provision which I think is optional that people can take that does cover a number of things. I don't know if it covers surgery or not. Or you can put your dollars into the special account on a pre-tax basis and use that special account for eye surgery.

I think the real problem here is just these enormous trade-offs. Now, I think it's been looked at, and to include across-the-board eye surgery is about a \$1.7 million a year matter, and we're again seeing our health insurance costs go up at double-digit rates over the last couple of years. We think that probably is going to continue. For awhile we were able to keep it down in single digits, and so we just have to kind of balance both containing the cost and how broad should all the coverage be. But, having said all that, sure we'll keep looking at everything.

But, like I say, you have some other options, and I think we're fairly close to the next cycle when you have to select those options. And if this is really a high priority, maybe you ought to put some of your pre-tax

dollars over in that special account and pull that out for this purpose.

I'm going to take some other ques- --I've two or three more, but it's probably going to strap me to get through some of these if we're going to make it, make it on time. I'm going to come back to two or three of these, but let me take some of these that you've been handed in.

Did anyone want to come to the mike and ask questions?

(No response)

Only time you're bashful. There we go

MR. : **[Lay]** I would like to ask, how does your vision of Enron being the biggest company in the world tie in with your vision of what should be the future of Enron global assets?

MR. LAY: Well, I think that's a -- it's a good question. It's a very good question. But Enron global assets, of course -- basically, the projects we've developed in the developing countries like India, and Brazil, and Argentina, and, of course, many others--and the problem with those assets have been that when all's said and done they

are generating a very, very low return on investments. And if you put the whole group together, it approaches zero.

So you got billions of dollars invested and, at least on a current basis, you're earning almost no income. And given where Enron has evolved, where we have other businesses that are both growing at 20, 30, 40 percent a year or more, in net income, if we can get our return on invested capital up to 20 percent or better, then, in fact, we ought to have a 40 or 50 PE. We can't get that 40 or 50 PE back until we, in fact, get our return on invested capital up.

So it is imperative that we get the return on invested capital up. And the best way to do that--I mean growing the other businesses is one way of doing that, too, but the quickest way to do that is, in fact, to monetize some of these assets that, in fact, have very, very low return. That doesn't mean we're going to monetize all of them; that doesn't mean we're not still going to have a lot of international business.

I mean, obviously, we're big throughout Europe. We've moving into Japan. We've got a big operation in

Australia. We got big operations in our wholesale and retail businesses in other parts of the world. And, again, maybe the day will come when some of these wholesale/retail businesses can be transferred into some of the developing countries.

And as we do that, of course, there is an asset strategy with that, quite often. We're developing a couple of big power plants right now in Spain as part of opening that market up. But for right now the best thing to do is to go ahead and monetize some of these assets, bring the cash back. We need the cash. We need to strengthen the balance sheet. We need to redeploy it into these businesses that are growing faster. But that was as good question.

Let me say just one clarification before I moved ahead. I think I mentioned on T-side it might have been human error. It might have been human error, but we don't know what it is. I think I also said that. There's both an internal investigation underway on the cause of that accident, and, obviously, there are also public officials that are doing their investigation, and until all of that's completed, it's inconclusive as to what caused that tragic

accident over in the U.K. So I don't want you leaving here today thinking we've cleared it out, because we really have not.

Oh, there are all kinds of questions. Make your--now write this down. Write this down or memorize it. To make your United Way pledge, log onto Home.Enron.com. Have you got that? Home.Enron.com. And then just think big.

(Laughter)

(Reading) "Are we doing anything to fix the buy-it AP system? Vendors can't get paid."

(Applause)

"Vendors can't paid or get double-paid. It's a mess."

Who's in charge of this mess?

(Laughter and applause)

MR. LAY: Come on up. **[Rick, Come on up.]**

MR. CAUSEY: It's going to work, I promise you. We're working real hard. Obviously, there's a roll-out to getting this in place. There's a huge change in process that's required beginning with getting invoices in and

approved. Most vendors that are not getting paid, they're not getting paid because we're not approving invoices the way that we need to. And it is a big change in process that affects a lot of people.

When we get finished, we'll be more efficient. We'll be able to pay invoices quicker and cheaper, and make it a lot easier on a lot of us, but it is a change. And so I ask for your help in that. If you are having problems, please let me know, let George Walsoff (ph) know. But I am committed to making it work, but it's a big change, and we will be successful in the short run in making that happen. So help us do that, though with learning the process as we need to implement, and help us make it happen.

MR. LAY: Thank you, Rick. Well, at least you know who's responsible now.

(Laughter)

(Reading) "As a testament to our competence, our business model, and in light of our current stock price, has any consideration been given to buying back Enron stock in the market?"

Yes, and we're buying back just a little bit now

and then. And it may get back to the question about global assets. I mean, obviously, if we're able to monetize some of those global assets, we've got a number of good alternatives, pay down debt, redeploy the capital into the new businesses, or buy back stock. And that's what we've told analysts. So if we bring in, hopefully, a few billion dollars out of those asset monetizations over the next couple of years, why, we'll look even more seriously at a more aggressive stock buy-back program.

(Reading) "What do you think is a fair PE multiple for Enron stock?"

Higher than it is right now.

(Laughter)

That's a difficult question. Of course, the market--the market has adjusted all PEs down in the last six months. I probably should have made that point earlier, and then you all know that. I mean we're not the only stock that's decreased in value this year; it's just that we've been hit a little harder than many others. But I think even the current business model can easily justify \$25 to \$30 PE. I mean the current business model and the current market

values. So I think 25 to 30 is very easy, and if a few of these other problems disappear, like California, like India and so forth, if we get some of the negativity out of the market on Enron, then I think, in fact, we can go quite a bit higher than that.

But, like I say, I think to get us back up to a 40-50 PE, true growth PE, we've got to get the return on invested capital up, and that is critical.

(Reading) "If EBS does not come close to expectation by the end of the year 2001, what chances are there for another downsizing and/or closing the business unit?"

I think the odds of that are very, very small. As I've indicated, certainly I and I think the management team overall has a lot of confidence that this is going to be a meaningful business force two or three years down the road. And so we're quite prepared to take small losses during that period of time. Of course, we showed that in the development of Enron Energy Services. I mean we suffered through almost three years, I guess, of lawsuits before we turned it around and made it positive, because we were so

convinced that that was a powerful business model. And we think the same thing about EBS.

So I think as long as we can get the costs down to a reasonable level and the losses down to a reasonable level, we're going to continue to develop that business.

(Reading) "Do you foresee any revision of corp guidelines which require minimum floor population in the Enron building of 200 work stations and whatever?"

I don't know. Do we have a minimum floor population, Steve?

STEVE: I don't think so. We're going to be looking at three different options with various corporate executives, but [inaudible].

MR. LAY: And, basically, Steve says there are going to be a number of different options, and there will be quite a bit of flexibility with the business groups as to how dense they want to have it.

I think I've got another question here. I'll get to you in a minute, but I will say I think we've got a maximum floor limitation.

(Laughter)

And I'd be wanting to hit that just about in the current building. And we will be moving into the new building here before too long, and that will start easing that up a little bit.

(Reading) "I don't like my HR rip." **[rep]**

(Laughter)

Why don't you tell us what you think about that?

(Laughter)

(Continues reading) "Our personalities just don't gel. He always seems"--now, it's a male, so we got that figured out. "He always seems too busy for me and others I my group. I'd like to have a second choice for an HR rip **[rep]** or an alternative to go to. Help."

Interesting question. Maybe if people have alternatives, we'll get some competition serving our people. Yeah, I like that idea.

(Applause)

I like that idea, David.

(Applause)

Well, a nice note. (Reading) "Thank you for all Enron does for us now." That's nice. We get some of those

notes, too.

(Applause)

(Reading) "We're all saddened to see Skilling leave and do recognize his significant contribution for Enron over the years; however, there is one area that causes much stress to many of our employees. That is the preferred ranking distribution. Any plans to do away with the preferred ranking that Jeff brought to Enron, the concept of good, especially for the leaders and commercial managers, however the support staff gets--"

I can't read some of this, I'm sorry. Maybe I need to go back and have new surgery on my eyes.

(Laughter)

(Continues reading) "--gives 110 percent to make a bunch of money, or we ought--"

I don't think they like the PRC. I've commented on that. We're going to address that. We're going to address that in a meaningful way with all your contributions.

(Reading) "Will there be any ride-downs [**write-downs**] to earnings due to dibolt [**Dahbol**]?"

I don't think so, but we won't know till we get done. I mean that's just a pure fact. I think we can fight it out legally, you know, for several years, and there absolutely would not be a ride-down **[write-down]**, but, you know, your net present value of what you got might still be a lot less than 100 percent. So we're going to look at all those different issues as we get into these negotiations in the next few weeks or few months.

But I was adamant when I was in India a month ago that if they--first of all, we're willing to give up any profit. I mean we could have sold prior to when this slow pace started, we could have sold a portion of the plant a little over a year ago at a 30 percent premium to our costs. But that's how international investors review it. And what all we're asking for is our cost recovery. Just our cost recovery, and I've told the officials in the prime minister's office and others that any reduction from that at all is nothing more than expropriations.

And, of course, expropriation is pretty serious business in any country. It is kind of interesting that we have laws on the books in the U.S. that, in fact, say we

can't give foreign aid or make foreign loans to countries that, in fact, abort contracts, and/or expropriate property. And we're trying to figure out how we might want to use that, too. But it's going to be mentioned in negotiation, no doubt.

(Reading) "How is the sale of Portland General going? How many people have been redeployed in California across Enron?"

We haven't redeployed anybody in California, have we?

(Continues reading) "[Inaudible] **[Rumor]** says there is a class-action suit by former Enron employees regarding recent redeployment. Please tell me that is not true."

As far as I know, that is not true. And I got several people in the front row shaking their head. On Portland General, of course, we had a transaction we were pleased with, with Sierra Nevada or Sierra Pacific, is it? And, of course, then I got--and this is a very small way, very indirect way, it got tied up in the California mess.

They had some distribution properties in

California, so some of the laws that took place that they put in place in California were imposed on them so they couldn't sell any generation in the state of Nevada, which they needed to do to close that transaction. So, in fact, at the end of the day, we had to pull out of that deal.

We have another transaction that's pretty far advanced, and it might be a transaction where we would even maintain some ownership interest in that business for some time. But it's not far enough advanced to talk about right now, and, again, it's not a big issue from the standpoint of Enron. I mean whether it happens this year or next year or even two or three years from now, I mean selling Portland General does not necessarily bring in cash--it brings in some cash. It brings in some cash which is good, but it also now, obviously, generates cash, positive cash, and also generates it in net income.

So that is not an asset that really is a big problem for us.

(Reading) "Welcome back, Mr. Lay. We are all very happy. Any chance that 12-2000--"

Okay, we've done that. I think some of these were

written probably after I started.

There's one on stock option. "As low as our stock price is, as high as our growth is, are we a prime target for a take-over. What precautions are we taking to prevent this?"

I don't think we are, and, of course, I think it's the same reason I've given before. Obviously, we think the stock price is very depressed. I mean as I tell people, we're not a growth stock now, we're not a value stock; we're a deep value stock. But again, it gets back to the intellectual capital part. I mean the success of this operation, this company, is determined by the people. And so most companies would be very reluctant to try to take it over, just the standpoint that they'd lose a lot of the key talent. The franchise isn't worth very much.

I'm going to go back and finish these up, because we're going to run out of time here in a little bit.

(Reading) "Please address the floor plans and desk setups in Enron Building South. We have been told on some training floors the desk has only two drawers. Chairs are within three feet of each other."

I guess that's getting back to that minimal number of people. Well, I'm told that that's not right, that you've got four drawers but still just three feet apart.

(Laughter)

Well, we've at least addressed one of your concerns. But, as I said earlier, I think there's going to be a--let me say that a lot of the people that, particularly the traders, kind of like to be fairly close so they don't have to scream so much. But each business group has had a lot of input on this as to exactly the way they want to design their floor. So, if you don't like it, I guess you go to your business leader. That's another way to kind of shift responsibility.

(Reading) "With a lot of DSL vendors declaring bankruptcies, is there any opportunity for Enron to entertain the possibility of entering the market as provider of these services at a rate which is lower than what is typically offered? The typical price for broad band ranges from \$45 on up."

That is not a business that we want to get in. We going to leave the last mile solution primarily--primarily,

to the regional Bells and others. And that means it's going to go very slow and cost you a lot of money. That's just the nature of that business.

Now, we are, in fact, pulling together at the retail level some larger users, network users and so forth. So that's kind of a little exception to that, but certainly not the residential, small commercial market.

(Reading) "There was a brief announcement about a month ago that Enron was entering a strategic agreement with Microsoft."

We're going to hear about that soon.

(Continues reading) "Is it a broad band agreement?"

It is a broad band agreement. We will be --and we still can't give much detail, and that's -- my Microsoft is not yet ready to kind of roll that out, but we do have a deal with Microsoft, and we'll be providing Microsoft all of the broad bands as far as their on-line for their Internet service activity. We'll be doing some real time provisioning of that, and, of course, they are the second largest Internet provider. I guess, of

course, AOL's the largest, but that's a great contract. And that, again, is one of those high-quality contracts that we're certainly expecting to see more of.

And another reason that we're excited that this will become a major business over the next two or three years.

I guess this came from a Yahoo article or something. (Continues reading) "This state was able to convince the energy product **[providers]** was in their best interest to deal considering the pacts would enable them to build sorely needed plants. Some companies such as Reliant Energy and Enron--" --there they list the EXG (ph) as our symbol. I think EXG apparently used to be an EOG, I think bond issue or something that's listed publicly. So somebody just pulled that off in mistake. Okay.

(Reading) "Will Jeff's job be posted on the Internet?"

(Laughter)

I hadn't thought about that. I really hadn't. And, now, somebody said the way you can look at this is with Jeff leaving, everybody in the organization moves up one.

(Laughter)

(Reading) "Will Enron continue to encourage--"

Now, this isn't all my eyes, folks. I mean--I mean I got horrible writing, but some of you beat me. There's a good question, I'm sure.

(Continues reading) "Does the new stock option grant include those employees within business units that are up for sale and were awarded in cash rather than in options?"

That's a specific question I cannot answer. Of course, we've got to work thought, also, some of the foreign businesses where, in fact, even companies don't allow stock options. So, clearly, there will be very few exceptions unless they're legal exceptions. But I'd have to know the specifics of that before I could answer that.

(Reading) "I want to say thank you for the thousand-dollar travelers checks for floods relief. They were very helpful. Everyone in community relations worked very hard to get the phones to flood victims."

We're delighted we could do that. I think we did a little more for some people if they really--as far as

loans and--repayable loans, and in case they needed a little financing. But it was a tragedy for a lot of employees, too, as you know.

(Reading) "Jeff often broke the stock price into operating company values. Will you keep doing that?"

We'll keep doing that, and it's not too complicated. Clearly, the break, the values that they were broken up into last January at the annual meeting didn't turn out to be very realistic. And a lot of that's hard, as I said. I not just--in fact, they're they're broken up that way.

Let's see, I think many of these we've handled now. Okay. Any other questions out there that anybody wants to come to a mike and ask? Yeah, I got just two or three more and then--

(Reading) "How do you deal with a manager that intimidates workers without being viewed as a troublemaker? The morale in my group is horrible because the manager communicates ineffectively and has no integrity."

I think you communicate with me or David Oxley (ph), or Cindy Ellison **[Olson]**, or Steve King, because,

indeed, if we know it, we will not tolerate that.

(Applause)

(Reading) "What about a succession plan for you when you will name your chief operating officer?"

I was surprised I didn't get that question sooner. Clearly, there's a hole in the office of the chairman right now. And so we will be addressing that very soon. I think I told some people yesterday probably within a matter of days. And just two or three things to work out, but the good thing about Enron, as I've said two or three times today, is we have great talent.

We have great talent. And there was never any thought by the Board or me of maybe going into an outside search or anything like that. I mean all of the succession would occur internally. And we've got good choices. It's not just a matter of one choice or two choices; we've got good choices, and we certainly have good choices as to who will, in fact, be ready to be CEO in the future. And, you know, I've stepped down from this job once, I can step down from it again. But I'm also in no big hurry, and the Board has told me not to be in any big hurry because--

(Applause)

--because we want to make sure we make the right choice and, in fact, we don't have any hiccup after we've made it. But like I say, the great thing is we have a lot of really, really good talent. And so you'll be hearing more about that very soon.

(Reading) "Welcome back. Glad to have you back. What are Enron's plans for the Mexican market in energy?"

Greg, do you want to speak to that? I mean are we doing that much? I mean we're doing a little bit.

MR. : **[unidentified speaker]** [Inaudible].

MR. LAY: Oh, Louise is our expert.

LOUISE: At the moment, we all want to make some money, you know, about the vitro plant, which is a 750 megawatt plant that Enron has built and is in the presence of building just outside of Montro, Mexico.

We also have many on the asset develop side, may small projects, 25 megawatt and below projects that we're currently working on, which was essentially on-site generation plants in Mexico. Also, in big areas, we're working on the power trading, taking power from the ERCOT

market to **[that's]** the Texas market into Mexico. So that's on the power side.

On the gas side as well, we are looking across the borders for the transactions there, and we do trade the ERCOT, certainly. The Texas side on the west [inaudible] do trade with the Chemix which is the gas line in Mexico. So we continue to expand there.

We have two offices, one in Monterrey. We are looking for people for the Monterrey office, if anybody's interested. Okay, thank you.

MR. LAY: Great.

(Applause)

Thank you, Louise. And so quite a bit of activity there.

Two more and then we're going to have to close down.

(Reading) "Can you comment honestly on the rumor that Jeff was asked to resign by the Board, because also is there any truth behind rumors that Shell may buy Enron?"

On the latter, no truth that I know about. And for the reason I've said earlier, I think it would be very,

very difficult for somebody to take that on. The Board did not ask--I'll repeat for everybody one more time--the Board did not ask that Jeff step down. The Board did not express dissatisfaction with Jeff. I did not ask Jeff to step down. It was his decision. It was voluntary and, of course, as we've all said and certainly confirmed by the fact that there was no severance which he was eligible for in his contract if he had been involuntarily terminated.

This was a personal decision by Jeff. For personal and family reasons. He did elaborate in The Wall Street Journal article this morning that certainly a decline in the stock price put enormous pressure on him. And that, as he said, that is the report card of the CEO and the senior management of the company, at least one report card. So it was his decision and, like I say, I and others tried to talk him out of it, but it was a final decision. And so now we're moving ahead.

Finally: "How do you define what it means to be the world's leading company? Given your definition above, how are we going to do it?"

I think we've said before, not necessarily the

largest company in revenue, or net income, or market value, but all those things would be good. But I think quite often it comes down to the reputation the company has among other companies, other peers around the world. I mean if you say: Who's the leading company today? Well, probably it's General Electric. And it was General Electric, in part, because it was the biggest company in the world.

But, secondly, and certainly the largest market cap company in the world, which is one way of measuring that, but it's GE because people really admired their business model, their leaders including Jack Welch, the way the business was operated, the quality of the operations, the quality of people, the leadership it paraded **[provided]** around the world. And I think, most importantly, is how we're viewed by everybody else.

To be the leading company, we have to be the leader around the world, and that means how others view us and how they view how we do business, how we, in fact, run an organization, how we create new businesses and new services and provide those services to customers around the world.

So let me kind of wrap up with this. The company is doing extremely well. The business model and the strategies are sound. The opportunities are enormous. We have to keep executing. Like I say, we can always shoot ourselves in the foot, but primarily we have to both retain and keep attracting the very best, brightest, most capable people in the world. And if we do that, then Enron will become the leading company in the world.

Thanks again, and thanks for the support. That means a lot to me.

(Applause)

- - -